88-1086

Supreme Court, U.S.
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No.

In The

SUPREME COURT OF THE UNITED STATES

October Term, 1988

ALBUQUERQUE A.R.T. CO.

Petitioner,

v.

MIRAGE EDITIONS, INC.;
JENNIFER DUMAS; and
ALFRED VAN DER MARCK EDITIONS, INC.,

Respondents.

On Petition for Writ of Certiorari
To The United States Court of Appeals
For the Ninth Circuit

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QUESTIONS PRESENTED

I.

IS THE REMOVAL OF AN ART IMAGE PAGE FROM A PURCHASED BOOK CONTAINING ART IMAGE PAGES AND TEXT, AND ADHERING THE REMOVED ART IMAGE PAGE ONTO A TILE, THE PREPARATION OF A "DERIVATIVE WORK" CONTEMPLATED BY THE COPYRIGHT ACT OF 1976, 17 U.S.C. 106(2) AND, THEREFORE, AN INFRINGEMENT OF COPYRIGHTS IN THE BOOK AND IN THE INDIVIDUAL ARTWORKS?

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TABLE OF AUTHORITIES

28 U.S.C. 1254(1)
28 U.S.C. 2101(c)
28 U.S.C. 1331 and 1338
28 U.S.C. 1291(a)
17 U.S.C. 106(2)
17 U.S.C. 101
17 U.S.C. 109(a)

OPINION BELOW

The opinion of the Court of Appeals, Ninth Circuit, is reported at 856 F.2d 1341 and appears in Appendix A hereto.

JURISDICTIONAL STATEMENT

The Ninth Circuit Court of Appeals (hereinafter referred to as the "Ninth Circuit") rendered its opinion on September 7, 1988. A timely petition for rehearing was filed; the petition was denied on October 3, 1988. This Court has jurisdiction to hear this cause pursuant to **28 U.S.C. 1254(1)** and **28 U.S.C. 2101(c).**

This is an action for alleged copyright infringement over which the

District Court had jurisdiction under 28 U.S.C. 1331 and 1338. The Ninth Circuit Court of Appeals had jurisdiction under 28 U.S.C. 1291(a).

STATEMENT OF THE CASE

Respondents (hereinafter "Mirage et al.") are the owners of certain copyrights in and to individual works of the deceased artist Patrick Nagel as well as the publishers of a copyrighted book entitled: "Nagel: The Art of Patrick Nagel", the latter including reproductions of Mr. Nagel's works as well as commentaries on the artist's works and personal reminiscences by friends, acquaintances and business associates of the artist. Copyright registrations have been obtained for the book and most of the individual artworks depicted in the book.

The primary business and complained of acts of petitioner Albuquerque A.R.T. Co. (hereinafter "ART") consists in the following:

1. Purchasing books having good quality artwork page prints therein;

2. Gluing individual page prints removed from a purchased book onto a rectangular sheet of black plastic material exposing a narrow (e.g., 1/4 inch) black margin around the print;

3. Gluing the black sheet with print onto a major surface of a rectangular white ceramic tile;

4. Applying a transparent plastic film over the print, black sheet and ceramic tile surface; and

5. Offering the tile with artwork mounted thereon for sale.

These tiles have the general appearance of a frame mounted art print with the frame removed. Moreover, these tiles amount to nothing more than what is termed "decoupage", a technique practiced by hobbyists and artists for at least two hundred years in which cutout materials are mounted onto a surface.

The District Court on September 24, 1987, on a motion for summary judgment by Mirage et al. found that Nagel artwork tiles manufactured and sold by ART infringed both the copyrights of the Nagel artwork book and the individual copyrights of the prints on each tile. Also, the District Court enjoined ART against utilizing artwork images from the Nagel artwork book, mounting them onto tiles in the manner described, and selling the same. The basis relied upon

by the District Court for its decision was that the tiles were "derivative works" of the copyrighted works of Mirage et al. and, therefore, an infringement under 17 U.S.C. 106(2), Appendix B.

The Ninth Circuit on September 7, 1988 affirmed the District Court decision.

As a result of the decisions below, ART is prevented from mounting and reselling pages taken from a book it has purchased, anyone using legitimately obtained materials protected by copyright in decoupage without permission of the copyright owner will be an infringer, and the law of copyright has been fundamentally distorted.

A. THE DECISION BELOW

The District Court. Mirage et al. brought an action on October 29,

1986, in District Court alleging infringement of certain registered copyrights for artwork of Patrick Nagel and a book entitled, "**Nagel**: The Art of Patrick Nagel" by ART removing pages from purchased copies of this book, gluing them onto a ceramic tile and covering the so-mounted artwork page with a transparent plastic film. Violation of the Lanham Act was also alleged in that there was a purported false designation of the source of the artwork on the tiles. Still further, the complained of acts were alleged to be unfair competition under the laws of the State of California.

ART moved for Summary Judgment on both the copyright infringement and Lanham Act causes. On May 26, 1987 an order was entered granting ART's request

for Summary Judgment with respect to the Lanham Act causes and denying the request concerning copyright infringement.

Mirage et al. then moved for Summary Judgment solely on the copyright infringement causes, and an order granting Summary Judgment and enjoining ART from violating Mirage et al.'s copyrights was entered September 24, 1987.

The Court of Appeals. The Ninth Circuit affirmed the District Court's judgment and found ART's tiles to be "derivative works" as defined in 17 U.S.C. Sec. 101.

The Ninth Circuit in rejecting the "first sale" defense of ART enunciated in 17 U.S.C. 109(a), commented on page 10879 of the decision, "However, the right to transfer applies only to the particular

copy of the book which appellant has purchased and nothing else."

ARGUMENT

The decisions below place certain uses of purchased art materials which have been widely prevalent for many years at clear risk of being copyright infringement, namely:

1. Mounting of individual art image pages taken from books, calendars, greeting cards, museum cards, or other materials in picture frames or onto panel surfaces.
2. Mounting several different art images taken from these same sources onto panels according to the technique known as "decoupage".

ART's tiles to which the decisions below are specifically directed amount to nothing more than a "picture frame" mounted art image with the frames removed, and also can be considered an exceptionally simple form of decoupage.

Although no case precedent could be found precisely on this point, it is submitted as self-evident and highly reasonable that a "derivative work" as defined in Sec. 101 of the Copyright Act of 1976 means an entirely different art form from that of the basic work. On the other hand, the ART tiles consist of the identical art images published by Mirage et al. individually mounted onto flat tiles, which mere mounting does not change the art form and, therefore, does not, it is submitted, produce a derivative work as contemplated by the

Copyright Act.

CONCLUSION

For the reasons given above, a writ of certiorari should issue to review the judgment of the Court of Appeals for the Ninth Circuit.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I, WARREN N. LOW, counsel for petitioner and a member of the United States Supreme Court, hereby certifies that on the ___ day of, _____, 19___, I served three copies of the Petition for Writ of Certiorari to the Attorney for Respondents, Gary S. Phillips, ROSENBERG, NAGLER & PHILLIPS, 9777 Wilshire Boulevard, Suite 500, Beverly Hills, California 90212-1988, by a duly addressed envelope with postage prepaid.

WARREN N. LOW
Counsel for Petitioner

APPENDIX A

FOR PUBLICATION

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

MIRAGE EDITIONS, INC., JENNIFER DUMAS, and ALFRED VAN DER MARCK EDITIONS, INC.,
Plaintiffs-Appellees,

v.

ALBUQUERQUE A.R.T. CO.,
Defendant-Appellant.

No. 87-6465
D.C. No. CV-86-7059-JSL
OPINION

Appeal from the United States District Court
for the Central District of California
J. Spencer Letts, District Judge, Presiding

Argued and Submitted
April 8, 1988—Pasadena, California

Filed September 7, 1988

Before: Melvin Brunetti, Alex Kozinski and David R. Thompson, Circuit Judges.

Opinion by Judge Brunetti

SUMMARY

Copyright, Patent and Trademark

The court affirmed a judgment holding that appellant's tile-preparing process infringed upon another's copyright.

Appellee Jennifer Dumas owns the copyrights to artist Patrick Nagel's art works. Appellee Mirage Editions, Inc., is the

exclusive publisher of Nagel's works. Both own all of the copyrights to Nagel's work. Appellee Alfred Van Der Marck Editions, Inc. is the licensee of Dumas and Mirage and the publisher of a commemorative book on Nagel. The primary business of appellant Albuquerque A.R.T. Co. is a tile-preparing process. Appellant removed selected pages from the Nagel book, mounted them onto ceramic tiles and sold the tiles at retail. The district court granted appellant summary judgment as to the Lanham Act but denied it on its copyright action. Mirage then moved for summary judgment on the copyright claim which was granted.

[1] Appellant contends that there has been no copyright infringement because its tiles are not derivative works. [2] The protection of derivative rights extends beyond mere protection against unauthorized copying to include the right to make other versions of the work. [3] Appellant has made another version of Nagel's art works, and that amounts to preparation of a derivative work. [4] A transfer under the "first sale" doctrine is a right that applies only to the particular copy of the book which appellant has purchased and nothing else. The mere sale of the book to the appellant without a specific transfer by the copyright holder of its exclusive right to prepare derivative works, does not transfer that right to appellant.

COUNSEL

George J. Netter, Pasadena, California, for the defendant-appellant.

Gary S. Phillips, Rosenberg, Nagler & Phillips, Beverly Hills, California, for the plaintiffs-appellees.

OPINION

BRUNETTI, Circuit Judge:

Albuquerque A.R.T. (appellant or A.R.T.) appeals the district court's granting of summary judgment in favor of appellees Mirage, Dumas, and Van Der Marck (Mirage). The district court, in granting summary judgment, found that appellant had infringed Mirage's copyright and issued an order enjoining appellant from further infringing Mirage's copyright.

Patrick Nagel was an artist whose works appeared in many media including lithographs, posters, serigraphs, and as graphic art in many magazines, most notably Playboy. Nagel died in 1984. His widow Jennifer Dumas owns the copyrights to the Nagel art works which Nagel owned at the time of his death. Mirage is the exclusive publisher of Nagel's works and also owns the copyrights to many of those works. Dumas and Mirage own all of the copyrights to Nagel's works. No one else holds a copyright in any Nagel work. Appellee Alfred Van Der Marck Editions, Inc. is the licensee of Dumas and Mirage and the publisher of the commemorative book entitled *NAGEL: The Art of Patrick Nagel* ("the book"), which is a compilation of selected copyrighted individual art works and personal commentaries.

Since 1984, the primary business of appellant has consisted of: 1) purchasing artwork prints or books including good quality artwork page prints therein; 2) gluing each individual print or page print onto a rectangular sheet of black plastic material exposing a narrow black margin around the print; 3) gluing the black sheet with print onto a major surface of a rectangular white ceramic tile; 4) applying a transparent plastic film over the print, black sheet and ceramic tile surface; and 5) offering the tile with artwork mounted thereon for sale in the retail market.

It is undisputed, in this action, that appellant did the above process with the Nagel book. The appellant removed selected pages from the book, mounted them individually onto ceramic tiles and sold the tiles at retail.

Mirage, Dumas and Van Der Marck brought an action alleging infringement of registered copyrights in the artwork of Nagel and in the book. Mirage also alleged trademark infringement and unfair competition under the Lanham Act, 15 U.S.C. § 1051 et seq. and the state law of unfair competition, Cal. Bus. & Prof. Code §§ 17200 et seq.

Appellant moved for summary judgment on the Lanham Act and Copyright Act causes of action. The district court granted summary judgment as to the Lanham Act cause of action but denied summary judgment on the copyright cause of action. Mirage then moved for summary judgment on the copyright claim which was granted. The court also enjoined appellants from removing individual art images from the book, mounting each individual image onto a separate tile and advertising for sale and/or selling the tiles with the images mounted thereon.

The Copyright Act of 1976, 17 U.S.C. § 101 et seq., confers upon the copyright holder exclusive rights to make several uses of his copyright. Among those rights are: (1) the right to reproduce the copyrighted work in copies, 17 U.S.C. § 106(1); (2) the right to prepare derivative works based upon the copyrighted work, 17 U.S.C. § 106(2); (3) the right to distribute copies of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease or lending, 17 U.S.C. § 106(3); and (4) in the case of literary, pictorial, graphic and sculptural works, including individual images, the right to display the copyrighted work publicly.

The district court concluded appellant infringed the copyrights in the individual images through its tile-preparing pro-

cess and also concluded that the resulting products comprised derivative works.

[1] Appellant contends that there has been no copyright infringement because (1) its tiles are not derivative works, and (2) the "first sale" doctrine precludes a finding of infringement.

The Copyright Act of 1976, 17 U.S.C. § 101 defines a derivative work as:

> [A] work based upon one or more preexisting works such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation or *any other form in which a work may be recast, transformed, or adapted.* A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship is a "derivative work."

(Emphasis added).

[2] The protection of derivative rights extends beyond mere protection against unauthorized copying to include the right to make other versions of, perform, or exhibit the work. *Lone Ranger Television v. Program Radio Corp.*, 740 F.2d 718, 722 (9th Cir. 1984); *Russell v. Price*, 612 F.2d 1123, 1128 n.16 (9th Cir. 1979).

Melvin Nimmer in his treatise on copyright law wrote:

> [A] work will be considered a derivative work only if it would be considered an infringing work if the material which it has derived from a preexisting work had been taken without the consent of a copyright proprietor of such preexisting work.

1 Nimmer on Copyright § 3.01 (1986) cited in *Litchfield v. Spielberg*, 736 F.2d 1352, 1357 (9th Cir. 1984), *cert. denied*, 470 U.S. 1052 (1985); *United States v. Taxe*, 540 F.2d 961, 965 n.2 (9th Cir. 1976), *cert. denied*, 429 U.S. 1040 (1977).

[3] What appellant has clearly done here is to make another version of Nagel's art works, *Lone Ranger, supra*, and that amounts to preparation of a derivative work. By borrowing and mounting the preexisting, copyrighted individual art images without the consent of the copyright proprietors—Mirage and Dumas as to the art works and Van Der Marck as to the book—appellant has prepared a derivative work and infringed the subject copyrights. *Nimmer, supra.*

Appellant's contention that since it has not engaged in "art reproduction" and therefore its tiles are not derivative works is not fully dispositive of this issue. Appellant has ignored the disjunctive phrase "or any other form in which a work may be recast, transformed or adapted." The legislative history of the Copyright Act of 1976 indicates that Congress intended that for a violation of the right to prepare derivative works to occur "the infringing work must incorporate a portion of the copyrighted work in *some form*." 1976 U.S. Code Cong. & Admin. News 5659, 5675. (emphasis added). The language "recast, transformed or adapted" seems to encompass other alternatives besides simple art reproduction. By removing the individual images from the book and placing them on the tiles, perhaps the appellant has not accomplished reproduction. We conclude, though, that appellant has certainly recast or transformed the individual images by incorporating them into its tile-preparing process.

The "first sale" doctrine, which appellant also relies on in its contention that no copyright infringement has occurred, appears at 17 U.S.C. § 109(a). That section provides:

> Notwithstanding the provisions of Section 106(3), the owner of a particular copy or phonorecord law-

> fully made under this title, or any person authorized by such owner, is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord.

In *United States v. Wise*, 550 F.2d 1180 (9th Cir. 1977), which concerned a criminal prosecution under the pre-1976 Copyright Act, this court held that:

> [T]he "first sale" doctrine provides that where a copyright owner parts with title to a particular copy of his copyrighted work, he divests himself of his exclusive right to vend that particular copy. While the proprietor's other copyright rights (reprinting, copying, etc.) remain unimpaired, the exclusive right to vend the transferred copy rests with the vendee, who is not restricted by statute from further transfers of that copy.

550 F.2d at 1187.

[4] We recognize that, under the "first sale" doctrine as enunciated at 17 U.S.C. § 109(a) and as discussed in *Wise*, appellant can purchase a copy of the Nagel book and subsequently alienate its ownership in that book. However, the right to transfer applies only to the particular copy of the book which appellant has purchased and nothing else. The mere sale of the book to the appellant without a specific transfer by the copyright holder of its exclusive right to prepare derivative works, does not transfer that right to appellant. The derivative works right, remains unimpaired and with the copyright proprietors—Mirage, Dumas and Van Der Marck. As we have previously concluded that appellant's tile-preparing process results in derivative works and as the exclusive right to prepare derivative works belongs to the copyright

holder, the "first sale" doctrine does not bar the appellees' copyright infringement claims.

We AFFIRM.

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APPENDIX B

Title 17 of the United States Code

Section 101. Definitions

* * * * * * * * * *

A "derivative work" is a work based upon one more more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a "derivative work".

Section 106. Exclusive rights in copyrighted works.

Subject to sections 107 through 118 [17 USC Secs. 107-118], the owner of copyright under this title [17 USC Secs. 101 et seq.] has the exclusive rights to do and to authorize any of the following:

(1) to reproduce the copyrighted work in copies or phonorecords;

(2) to prepare derivative works based upon the copyrighted work;

(Added Oct. 19, 1976, P.L. 94-553, Title I, Sec. 101, 90 Stat. 2546.)

Section 109. Limitations on exclusive rights: Effect of transfer of particular copy or phonorecord.

(a) Notwithstanding the provisions of section 106(3) [17 USC Sec. 106(3)], the owner of a particular copy or phonorecord lawfully made under this title [17 USC Secs. 101 et seq.], or any person authorized by such owner, is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord.